

**MINUTES  
of the  
FIRST MEETING  
of the  
WATER AND NATURAL RESOURCES COMMITTEE**

**June 6, 2003  
Room 307, State Capitol**

The first meeting of the water and natural resources committee was called to order by Senator Carlos R. Cisneros, chair, at 10:15 a.m. on Friday, June 6, 2003, in room 307 of the state capitol.

**PRESENT**

Sen. Carlos R. Cisneros, Chair  
Rep. Joe M Stell, Vice Chair  
Sen. Sue Wilson Beffort  
Sen. Joseph J. Carraro  
Rep. Joseph Cervantes  
Sen. Mary Jane M. Garcia  
Rep. Dona G. Irwin  
Rep. Larry A. Larrañaga  
Rep. James Roger Madalena  
Rep. Brian K. Moore  
Rep. Andy Nunez  
Sen. Mary Kay Papen  
Sen. Shannon Robinson  
Sen. H. Diane Snyder  
Rep. Don Tripp  
Rep. Robert White

**Advisory Members**

Rep. Anna M. Crook  
Sen. Gay G. Kernan  
Rep. Rhonda S. King  
Rep. Ben Lujan  
Sen. Nancy Rodriguez  
Rep. Mimi Stewart

**Staff**

Gordon Meeks  
Jon Boller

**Guests**

The guest list is in the meeting file.

Copies of written testimony and handouts are in the meeting file.

**ABSENT**

Sen. Dede Feldman  
Rep. Henry Kiki Saavedra

Rep. Ray Begaye  
Sen. Clinton D. Harden, Jr.  
Sen. Timothy Z. Jennings  
Sen. Steve Komadina  
Rep. Danice Picraux  
Sen. Leonard Lee Rawson  
Sen. Leonard Tsosie  
Rep. Eric A. Youngberg

### **Water Project and Management Financing Needs**

David Harris, executive director of the New Mexico finance authority (NMFA), summarized the governor's plans to finance \$200 million in water projects, beginning with the passage of House Bill 882, which authorizes the state board of finance to issue severance tax bonds in an amount equal to 10 percent of bonding capacity available for severance tax bonds each year for water projects recommended by the water trust board. Mr. Harris said that the governor would also like to see 10 percent of general obligation (GO) bonding capacity devoted to water projects annually.

Carlos Romero, NMFA, reviewed the various funding mechanisms and programs available for water projects and the procedures for obtaining funds under those mechanisms and programs. According to Mr. Romero, there are approximately 1,400 public water systems in the state; 63 percent of those systems serve fewer than 100 customers each and in total less than five percent of the state's population, while one percent of that number serve more than 10,000 customers each but in total serve more than 50 percent of the state's population. He estimated that over \$2 billion for water projects will be needed in next few years, and nearly \$1.5 billion will be needed to develop new surface supplies in the long term. Meeting arsenic standards over the next four to seven years will require an additional \$375 million, according to Mr. Romero.

Anne Watkins, office of the state engineer (OSE), outlined 17 regional water system projects that are a priority in the coming year, and said these projects need to be coordinated with each other. She also noted that the reason the water trust fund was created is to fund large water projects throughout the state and address the long-term water needs of the state.

### **Proposal to Finance the Water Trust Fund**

Lawrence Rael, director, mid-region council of governments, stressed the need for a permanent funding mechanism for water projects, including capital projects, water resource management, administration, planning, litigation and compact compliance. He said that if the public understands the severity of the situation, it would be willing to pay as long as the revenue plan is broad-based, equitable and efficient. The capital outlay estimate for identified projects to date is nearly \$2.5 billion, or \$120 million annually for the next 20 years, he explained. Mr. Rael suggested that the state needs to pursue federal funding sources through its congressional delegation, as well as using state sources such as: increasing GO bonding capacity with a 1 mill statewide property tax that would generate \$30 million annually; imposing a dedicated quarter cent gross receipts tax to generate \$90 million per year; and instituting user fees on government, municipal, industrial and recreational users.

### **Water Conservation Technologies**

Lisa Martinez, director, construction industries division (CID), regulation and licensing department, explained that CID is in the process of reviewing and updating the plumbing code and reviewing the building code to address water conservation concerns such as the recently enacted gray water bill. Jan Janika, also from CID, said the division is studying water re-use and that 90 houses will be involved in a pilot program for a sophisticated water treatment system to reclaim water. A discussion ensued concerning the merits of low-flow toilets, urinals in the home, the interplay between statutory changes and rules changes and the trade-off of using air

conditioners instead of swamp coolers.

Karen Yuhas, water conservation officer for Albuquerque, reviewed Albuquerque's historical water use, noting that by the end of 2002, it had reduced its water usage by 26 percent from a baseline average established from 1987 to 1993. Usage is down another 8 percent thus far this year, according to Ms. Yuhas, and the city is increasing its water conservation goal from 30 percent to 40 percent. Ms. Yuhas also reviewed: the city's rebate program, which includes rebates for low-flow toilets, low-flow showerheads, front-loading clothes washers, xeriscaping, hot water recirculation units, rain barrels, multisetting sprinkler timers, converting from swamp coolers to refrigerated air conditioning, low-water-use dishwashers and gray water reuse; the water waste enforcement program; the larger users' ordinance; water conservation surcharges; the residential and small commercial water audit program; the larger commercial water audit program; and the requirement for new development.

Ms. Watkins explained that statewide conservation efforts can reduce demand and thus reduce the cost of water infrastructure development. She said that other states' efforts at conservation can be instructive, and suggested that several measures be considered to reduce consumption, including requiring conservation plans from any entity seeking state financial assistance, making technical assistance available to communities, instituting a conservation tax credit, using best conservation practices in all water projects, providing state funding for conservation projects, requiring metering and monitoring of all water usage and ensuring that conservation practices be used in all state facilities.

Alice Darilek, OSE, outlined the state engineer's water conservation efforts, noting that the interstate stream commission (ISC) and OSE started examining water conservation technologies in the early 1990s. The agencies published their first brochure on the subject in 1994, she said, which was financed by the ISC, with later publications funded with federal money. Federal funding has since dried up, but OSE has continued its efforts. Demand for OSE's conservation guides has been increasing, according to Ms. Darilek, and the office will soon be providing technical assistance to municipal water utilities.

### **Work Plan**

The committee adopted without objection the proposed interim work plan, with the addition of looking into the following issues: progress on funding of water adjudications, watershed management, state engineer authority to condition water use permits, domestic wells, water use by electric power generating plants and the possibility of meeting with Texas legislators on water issues.